

Office of the State Auditor
Performance Audit Division



State of Mississippi

PHIL BRYANT
AUDITOR

A Performance Review of State Aircraft Use By State-Wide Elected Officials

September 13, 1999

Office of the State Auditor
Performance Audit Division

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Phil Bryant
State Auditor

Mitchell Adcock, CPA, CIA, CFE
Director, Performance Audit Division

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religion, national origin, sex, age or disability*

September 13, 1999

Dear Governor, Lieutenant Governor, Legislators, Public Officials and Citizens:

The Office of the State Auditor has completed, *"A Performance Review of State Aircraft Use By State-Wide Elected Officials"*.

Public concern over the legal and efficient use of the state aircraft operated by the Department of Finance and Administration's Office of Air Transport Services prompted this performance review.

The purpose of this performance review is to examine the use of state aircraft by state-wide elected officials and DFA's system of management control over state aircraft resources. The review will provide background information, examine public versus personal use, analyze DFA's system of management control, address legislative issues, and examine and compare aircraft use by state-wide elected officials.

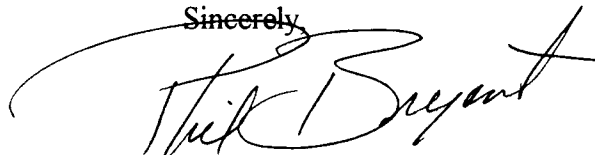
The recommendations included in this report are supported by research and input from officials and agencies primarily involved in the use and administration of state aircraft. However, the review was completed in less than thirty days and thereby is limited in scope. It does provide the most thorough insight into the use of state aircraft ever compiled.

It is our intent to present timely recommendations for the management of state aircraft in order to avoid any further misuse or overutilization.

It is our hope the information included in this report will be beneficial to the Governor, Lieutenant Governor, legislators, public officials and all the citizens of the state.

With best regards, I remain,

Sincerely,

A handwritten signature in black ink, appearing to read "Phil Bryant", with a large, sweeping flourish extending from the left side.

Phil Bryant
State Auditor

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Office of the State Auditor
Performance Audit Division

**A Performance Review of State Aircraft Use
By State-Wide Elected Officials**

Executive Summary

September 13, 1999

Background

Purpose of Report

The purpose of this review was to examine use of state aircraft by state-wide elected officials and the Department of Finance and Administration's (DFA) system of management control over state aircraft resources.

Conclusion

The performance review revealed that DFA does not maintain sufficient documentation to determine if illegal use of state aircraft has occurred. This lack of documentation not only clouds the legality issue, but also results in a failure by public officials and DFA to document justification for state resource use. For state aircraft use to be audited for legality and reasonableness, a system of accountability must be installed by DFA. However, responsibility for state aircraft accountability lies with both the public officials and DFA.

State Aircraft Equipment

The state owns or leases 52 aircraft with a total cost of \$9,838,563. DFA operates and maintains three of the 52 aircraft and are valued at \$5,948,907. (page 3)

Statutory Requirements

Section 61-13-9, requires DFA to document aircraft "*trips made, names of passengers carried, date of beginning and termination of trips, miles traveled, stops made, fuel consumed and cost per hour of operation.*" (page 3)

Section 61-13-11, requires DFA to calculate the "*actual cost for the operation thereof*" and charge agencies for use of state planes, except for use by the Governor and Lieutenant Governor. (page 4)

Section 61-13-25, requires DFA "*to prepare a policy / procedure manual in order to standardize all state aviation activities.*" (page 4)

Administration of State Aircraft

Written Policies and Procedures

At the time this review began, DFA had no written “*policy / procedure manual in order to standardize all state aviation activities,*” as required by Section 61-13-25. In addition, DFA did not require documented purposes and reasons for use of state aircraft.

DFA was requested to immediately develop written policies including the requirement that purposes and reasons for use of state aircraft be documented. After careful review of State Auditor’s Office recommendations, DFA has developed and adopted a policy and procedure manual. (page 7)

Mission Statement

DFA, Office of Air Transport Services did not have a mission statement to direct the division in its activities or determine whether its intended purpose for use of state aircraft is being accomplished.

Based on our recommendations, DFA has prepared a mission statement for its Office of Air Transport Services. (page 9)

Cost Calculation of State Aircraft Operation

For the 1999 fiscal year DFA variable cost calculations per hour of operations were: Lear Jet, \$895; King Air 300, \$550; and King Air 200, \$503.

For purposes of this performance review and using total expenses of the Office of Air Transport Services for fiscal year 1999, DFA recalculated an average cost of state aircraft operation: \$2,645 per hour (see Appendix E, page 27).

The DFA-recalculated state aircraft cost of \$2,645 per hour of operation is five times greater than the cost DFA charged for use of the Beechcraft King Air 200, four times greater than the cost DFA charged for use of the Beechcraft King Air 300, and almost three times the cost DFA charged for use of the Lear Jet.

The omission of these costs in the charges to state agencies for aircraft operation results in a significant understatement in cost to state agencies for aircraft use and prevents public officials and agencies from making reasonable comparisons of other means of transportation to justify use of state aircraft in specific circumstances.

In order for legislators, public officials and citizens to know the actual cost of state aircraft usage by agencies and public officials, and so agencies can make true comparisons in costs of various transportation options, DFA, Office of Air Transport Services should calculate state aircraft user fees based on actual operating cost and should charge this amount to agencies and officials for aircraft use, or acknowledge that aircraft use is being subsidized by the General Fund and charge only an operations fee. (page 10)

Comparison of Other State's Procedures for State Aircraft Use

State officials and employees sometimes provide information about the purpose of flights, however in all cases reviewed this information was incomplete or nonexistent. In Mississippi, accountability for state aircraft is based on the honor system from individuals using state planes. This system fails to provide adequate information for accountability purposes.

DFA may wish to refer to Louisiana's statutes for guidance in developing policies for state aircraft use. (page 11)

State Aircraft Use by Agencies and Public Officials

Justification for State Aircraft Use Versus Commercial Flights

While not illegal under state law, use of state planes by public officials for out-of-state travel instead of commercial flights results in much greater cost to the state.

The Legislature authorized DFA to operate state aircraft for the purpose of use by public officials and employees to conduct state business. Public officials and employees should use state aircraft when necessary to efficiently, reasonably and legally perform their public duties. (page 13)

Justification for Short Distance Flights

Documentation was not filed by public officials and employees for short distance flights justifying reasons for state aircraft use instead of more economical forms of transportation.

Documentation on purpose and justification for flights filed with the Office of Air Transport Services should contain a justification for use of state aircraft for very short flights. (page 14)

Documented Purpose and Reason for Use of Aircraft

Although DFA requested that public officials document flight purposes, the explanations supplied by the public officials were not sufficient to support their travel as public purpose. (page 14)

The lack of detailed documented purposes and reasons for state aircraft trips by some public officials blocks accountability and prevents DFA from effectively administering state aircraft.

Legislative Issues

Aircraft Flight Budgets for Governor and Lieutenant Governor

The cost of using state aircraft by the Governor and Lieutenant Governor is currently not subject to budget limitation, as it is by all other state agencies; therefore the Governor and Lieutenant Governor have no monetary restriction on the use of state

aircraft.

The Legislature should consider providing accountability for state aircraft resources by requiring the Governor and Lieutenant Governor to budget for the cost of using state aircraft based on legislative-intended plane usage. (page 15)

***Public Purpose Versus
Private Use of State Aircraft***

Currently, state law does not clearly define public purpose of state aircraft and DFA has not addressed the issue of public purpose through mandated policies. As a result of current statutes, individual public officials and employees who use the planes have the authority and discretion to make the determination as to whether their particular use of the airplane falls within the definition of public purpose.

The Legislature should consider defining the specific nature of public purpose regarding state aircraft and define any lawful personal use of the planes. (page 16)

***State Auditor Should Review
Fiscal Year 2000 Flight Records***

The State Auditor's Office should review DFA, Office of Air Transport Services state aircraft flight records for the 2000 fiscal year following the implementation of a policy and procedures manual. (page 18)

Recommendations

The State Auditor's Office makes the following recommendations concerning the administration and use of state aircraft:

1. DFA, and all other state agencies operating aircraft, should immediately develop written policies (page 7);
2. DFA should prepare a mission statement for its Office of Air Transport Services (page 9);
3. To provide accurate cost information to public officials and employees using state aircraft and comply with state law, DFA should calculate the amount it charges state agencies for aircraft flights using actual aircraft operating cost, or acknowledge that aircraft use is being subsidized by the General Fund and charge only an operations fee (page 10);
4. When traveling out-of-state, public officials and state agencies should weigh the cost of using state aircraft against the availability and cost of using commercial airlines, and should only use state aircraft when their operation is an effective use of state resources (page 13);
5. Documentation on purpose and justification for flight should be filed by public officials with the Office of Air Transport Services and should contain a justification for use of state aircraft for very short trips (page 14);
6. All public officials and employees should document with DFA a written purpose and reason for use or they should not fly in state aircraft (pg 14);

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7. The Legislature should consider providing accountability for state aircraft resources by requiring the Governor and Lieutenant Governor to budget for the cost of using state aircraft based on Legislative-intended plane usage (page 15);
 8. The Legislature should consider defining the specific nature of public purpose regarding state aircraft (page 16); and
 9. The State Auditor's Office should review DFA state aircraft flight records for the 2000 fiscal year after policies are put in place and required documentation is filed (page 18).

Introduction

Purpose

The State Auditor directed the Performance Audit Division (Division) to conduct a performance review of use of state aircraft operated by the Department of Finance and Administration (DFA), Office of Air Transport Services. The purpose of this review was to examine use of state aircraft by state-wide elected officials and DFA's system of management control over state aircraft resources.

The performance review will:

- provide background information on DFA, Office of Air Transport Services and state aircraft;
- examine the issue of public versus personal use of state aircraft;
- analyze DFA's system of management control over state aircraft resources;
- address legislative issues regarding state aircraft;
- examine use of state aircraft by state agencies and officials; and
- compare state aircraft use by state-wide elected officials.

Conclusion

The performance review revealed that DFA, Office of Air Transport Services does not maintain sufficient documentation to determine if illegal use of state aircraft has occurred. This lack of documentation not only clouds the legality issue of state aircraft use, but also results in a failure by public officials and DFA to document justification for state resource use. For state aircraft use to be audited for legality and reasonableness, a system of accountability must be installed by DFA, Office of Air Transport Services. However, responsibility for state aircraft accountability lies with both the public officials and DFA, Office of Air Transport Services.

Scope

The scope of the performance review included elected officials use of state aircraft operated by DFA, Office of Air Transport Services for fiscal years 1997, 1998 and 1999.

Method

In conducting the performance review, the Division performed the following procedures:

- analyzed Mississippi statutes;
- reviewed Attorney General's Opinions;
- reviewed Office of Air Transport Services aircraft trip tickets;
- interviewed DFA and Office of Air Transport Services officials;
- analyzed DFA, Office of Air Transport Services system of control over state aircraft resources; and
- reviewed laws of other states regarding state aircraft usage.

Background

The state owns or leases 52 aircraft with a total cost of \$9,838,563. Appendix A, page 23, describes the number of aircraft by state agency or institution and the aircraft cost.

DFA operates and maintains three of the 52 aircraft and are described in Table 1, page 3. Section 61-13-1, Mississippi Code of 1972, Annotated, authorizes DFA to operate aircraft for use by state public officials and employees:

"The Department of Finance and Administration of the State of Mississippi, is authorized and empowered to purchase or lease, operate and maintain nonmilitary aircraft for use by the Governor's Office, state departments, agencies, boards and commissions, the Legislature, its officers and employees, all under the general direction of the Department of Finance and Administration."

State public officials and employees also use state aircraft operated by the Department of Public Safety, (see Appendix A, page 23, for a complete listing of state-owned aircraft).

DFA is authorized by state law to employ pilots and other personnel necessary to carry out these responsibilities. Table 2, page 3, describes DFA, Office of Air Transport Services total budgets. Appendix B, page 24, describes these budgets detailed by expenditure category.

Table 1

Department of Finance and Administration Office of Air Transport Services Aircraft Description and Cost		
Aircraft Description	Capacity	Cost
Lear Series 35 twin engine jet	8 passenger; 2 crew	\$2,682,812
Beechcraft King Air Model 200	8 passenger; 2 crew	1,416,095
Beechcraft King Air Model 300 *	8 passenger; 2 crew	1,850,000
Total		\$5,948,907

Sources: DFA, Office of Air Transport Services and State Auditor's Office

* DFA has lease-purchase contract for aircraft

Table 2

Department of Finance and Administration Office of Air Transport Services Operating Budgets	
Fiscal Year	Total Budget
1997	\$834,332
1998	\$1,555,745
1999	\$1,441,466

Source: DFA, Office of Air Transport Services

Section 61-13-9, Mississippi Code of 1972, Annotated, requires DFA to document the use of state airplanes:

"The Department of Finance and Administration shall require of all planes operated under the provisions of this chapter an accounting on forms furnished by the Department of Finance and Administration, which shall show among other things the trips made, names of passengers carried, date of beginning and termination of trips, miles traveled, stops made, fuel consumed and cost per hour of operation."

[Documentation describing the purpose for use of state aircraft is not currently required by DFA (see page 7).]

Section 61-13-11, Mississippi Code of 1972, Annotated, requires state agencies to pay for the use of state aircraft from their respective budgets, but specifically excludes the Governor and Lieutenant Governor from transferring funds to DFA:

"Whenever the Department of Finance and Administration under the direction of the Governor's Office makes an airplane or airplanes available to some department, institution or agency of the State of Mississippi, the actual cost for the operation thereof during the time the aforesaid airplane is so assigned shall be charged to and paid for by the aforesaid department, institution or agency into the special fund set up in Section 61-13-17 for the operation of such airplanes, except planes used by the Governor and Lieutenant Governor."

[DFA's calculated cost for amounts charged to agencies for aircraft use appears understated (see page 10).]

Passengers on state aircraft include the Governor, Lieutenant Governor, other state-wide elected officials, agency heads, state employees, and in some circumstances family members of elected officials. The Division's analysis of flight records for fiscal years 1997, 1998 and 1999 shows state-wide elected officials account for approximately 44% of total flights and 48% of total flight costs, while other state officials and employees account for approximately 56% of total flights and 52% of total flight costs. Table 3, page 5, shows for the 1997, 1998 and 1999 fiscal years total aircraft flights by state agencies without state-wide elected officials on-board. Appendices C and D, pages 25 and 26, show the number of flights by state-wide elected officials.

Section 61-13-25, Mississippi Code of 1972, Annotated, requires DFA to prepare a policy and procedure manual for state aircraft operations:

"The Department of Finance and Administration shall have the following powers, duties and functions with regard to state aircraft operations: . . . To prepare and maintain a policy / procedure manual in order to standardize all state aviation activities . . ."

[At the time of this review, DFA was not fulfilling the statutory requirement for a policy / procedure manual (see page 7).]

Table 4, page 6, describes the DFA, Office of Air Transport Services calculated cost per hour of aircraft operation for each of its three airplanes, calculation date and cost per mile.

In the calculation of cost per hour and per mile of state aircraft operation, DFA only used fuel, maintenance and overhaul costs. These cost calculations do not include *"the actual cost for the operation thereof during the time the aforesaid airplane is so assigned"* as required by Section 61-13-11, such as salaries, office expense and aircraft depreciation. (see page 10)

Table 3

Total State Aircraft Flights by State Agency without State-Wide Elected Officials On-Board 1997, 1998 and 1999 Fiscal Years				
State Agency *	1997	1998	1999	Total
Agriculture	1	2	1	4
Air Transport Services	14	14	18	46
Attorney General		1	2	3
Corrections	1	1		2
Economic and Community Development	128	99	90	317
Education		1	7	8
Emergency Management Agency			1	1
Environmental Quality	1	2		3
Executive	14	21	15	50
Gaming	23	12	3	38
Health	26	9	12	47
Human Services	2			2
Institutions of Higher Learning		1		1
Legislature		2		2
Lieutenant Governor	3	2	2	7
Medicaid	2	2		4
Mississippi Agribusiness Council	1			1
Secretary of State			2	2
University Medical Center	7	10	12	29
University of Mississippi		1		1
Total	223	180	165	568

* Agency aircraft travel without state-wide elected official on-board.

Source: Analysis of DFA, Office of Air Transport Services records

Table 4

Department of Finance and Administration Office of Air Transport Services Calculated Cost Per Hour and Mile of Operation			
Aircraft Description	Calculation Date	Cost/Hour	Cost/Mile
Lear Jet 35	July 1, 1997	\$895/hour	\$2.24/mile
Beechcraft King Air 300	April 1, 1998	\$550/hour	\$2.08/mile
Beechcraft King Air 200	July 1, 1997	\$503/hour	\$2.09/mile

Source: DFA, Office of Air Transport Services

Administration of State Aircraft

Written Policies and Procedures

At the time this review began, DFA had no written policies requiring documented purposes and reasons for use of state aircraft, as required by Section 61-13-25. An informal policy of requesting purposes from users of state planes (except the Governor and Lieutenant Governor who are not required by DFA) resulted in insufficient data to audit, to determine if flights are for public use, or to subject use of state aircraft to public scrutiny to ensure accountability. DFA was requested to immediately develop written policies including the requirement that purposes and reasons for use of state aircraft be documented. After careful review of the State Auditor's Office recommendations, DFA has developed and adopted a policy and procedures manual. State law currently provides for a monetary penalty to users of state aircraft for noncompliance with written DFA policies.

The Mississippi Legislature placed responsibility for administration of state aircraft use by the Governor, state departments and agencies with DFA. State law requires DFA to develop policies and procedures for state aircraft operations. Section 61-13-25 of the Mississippi Code of 1972, Annotated, requires DFA *"to prepare and maintain a policy / procedure manual in order to standardize all state aviation activities."*

DFA, Office of Air Transport Services does maintain a *Trip Ticket & Aircraft Engine Log* showing the trips made, engine flight times, passenger names, dates of beginning and termination of trips, miles traveled, stops made, fuel consumed, operation cost per hour, and other information. In addition, DFA requests departments and agencies to document purposes of trips, except the Governor and Lieutenant Governor who are exempted by DFA.

Approximately eight years ago, public interest in state aircraft use prompted DFA to initiate a form to be completed by passengers of state aircraft documenting the trip purpose. The aircraft trip purpose form is required by DFA for all trips, except those by the Governor and Lieutenant Governor. However, the information obtained by DFA is insufficient to be useful. DFA has made trip purpose forms available to the Governor and the Lieutenant Governor, but these forms were not completed.

DFA does not evaluate trip purpose forms and does not determine whether trips taken by public officials and employees are for public business or are reasonable when compared to other forms of transportation.

The lack of sufficient purpose documentation for aircraft trips prevents the public from knowing the reasons for public resource use, prevents DFA from effectively administering the state aircraft

function and greatly reduces accountability. The purpose for all public official and employee use of state resources costing taxpayers DFA-calculated cost of \$503 to \$895 per hour of operation should be documented by DFA to provide accountability for state aircraft resources. Without documentation, the state cannot effectively administer the state aircraft function and prevent unnecessary trips and abuse, and the taxpayers will not know whether their tax dollars are effectively spent or abused.

During analysis of state aircraft trip tickets, the Division discovered that some aircraft passengers are not identified by name but referenced only as staff or as economic development prospects. Unless confidentiality for economic development purposes is necessary, DFA should require the name of every passenger and require each agency document the flight reason for passengers.

Since DFA does not evaluate aircraft trips by officials to determine public business, scrutiny of aircraft use by the public and review by the State Auditor's Office are the only means of oversight to hold public officials and employees accountable for use of state aircraft resources. Without documenting purpose of use by all officials, these methods of accountability for public resources are denied the insight into why uses of state resources were necessary.

DFA should require all public officials and employees to document a public purpose for each state aircraft flight. DFA should notify the State Auditor's Office of any state aircraft use when a documented purpose is not received within three days of the flight. The State Auditor should initiate an investigation into the flight to determine if the flight was for a public purpose.

The Department of Finance and Administration (DFA) should develop and maintain a written policy and procedure manual for administration of the state aircraft function for the following reasons:

- To comply with state law;
- To standardize all state aviation activities;
- To ensure consistent application of procedures for all public officials and employees;
- To ensure efficient use of state resources; and
- To provide DFA administrative control over state aircraft, rather than delegating control to individual public officials and employees.

DFA policies and procedures should include the following and be implemented immediately:

- Require documented purpose and justification for every aircraft flight by every public official, employee and passenger and file this information with flight trip tickets for audit purposes;

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- Require signed authorization (including a statement acknowledging responsibility for public resource use) from public officials or agency heads for every flight and file this information with flight trip tickets for audit purposes;
 - Describe circumstances where in-flight food catering is authorized;
 - Describe cost calculation ("*actual cost for the operation*") charged to agencies for flights;
 - Describe circumstances where family members of officials and employees are authorized as passengers;
 - Require public officials to document their consideration of using commercial airline flights on out-of-state trips;
 - Adopt policy addressing commuting by public officials using state aircraft;
 - Require cost comparison and justification of state aircraft use for flights less than 100 miles; and
 - Refer to the State Auditor's Office any uses of state aircraft in violation of DFA policies.

The Legislature should consider codifying DFA policies on state aircraft use in the 2000 legislative session.

Mission Statement

The Department of Finance and Administration, Office of Air Transport Services did not have a mission statement to direct the division in its activities or determine whether its intended purpose for use of state aircraft is being accomplished.

For the efficient operation of any state government function, it must have a stated, written mission statement or purpose. A mission statement is a concise summary of a department's purpose for existence and the goals it strives to achieve. Without a written mission statement, DFA cannot ascertain whether its intended purpose for this function is being accomplished, because its mission or purpose is not documented or communicated to its customers.

Based on our recommendation, DFA has prepared a mission statement for its Office of Air Transport Services.

Cost Calculation of State Aircraft Operation

DFA greatly understates the cost charged to state agencies for state aircraft use by not including “actual cost” of operating the aircraft function, as required by state law.

State law requires DFA to charge state agencies and public officials “*the actual cost for the operation*” for use of state aircraft. (Section 61-13-11, Mississippi Code of 1972, Annotated)

DFA makes a calculation of state aircraft cost for each of its three airplanes and charges state agencies and public officials for aircraft use, except the Governor and Lieutenant Governor who are by state law specifically excluded from these charges. These aircraft charges are transferred from state agency’s budgets provided from annual appropriations by the Legislature. For the 1999 fiscal year DFA variable cost calculations per hour of operation were: Lear jet, \$895; Beechcraft King Air 300, \$550; and Beechcraft King Air 200, \$503.

When calculating operation cost for aircraft, DFA did not include pilot salaries, office expense or other cost. These areas of cost represent a significant cost of operating and maintaining state aircraft and are considered fixed cost resulting in the Legislature subsidizing flights by the Governor, Lieutenant Governor, public officials and agencies in the amount of \$1,085,481 for fiscal year 1999.

For purposes of this performance review and using total expenses of the Office of Air Transport Services for fiscal year 1999, DFA recalculated an average cost of state aircraft operation: \$2,645 per hour (see Appendix E). The DFA-recalculated state aircraft cost of \$2,645 per hour of operation is five times greater than the cost DFA charged for use of the Beechcraft King Air 200, four times greater than the cost DFA charged for use of the Beechcraft King Air 300, and almost three times the cost DFA charged for use of the Lear Jet.

Based on these revised DFA aircraft cost calculations made for this performance review that include all costs of aircraft operation, actual cost of aircraft use by public officials and state agencies is significantly greater than the amounts currently charged.

The omission of these costs in the charges to state agencies for aircraft operation results in a significant understatement in cost to the state for aircraft use and prevents public officials and agencies from making reasonable comparisons of other means of transportation to justify use of state aircraft in specific circumstances. Effective management of state resources cannot be accomplished when the full cost of an activity is unknown.

In order for legislators, public officials and citizens to know the actual cost of state aircraft usage by agencies and public officials and so agencies can make true comparisons in costs of various transportation options, DFA, Office of Air Transport Services should calculate state aircraft user fees based on actual operating cost and should charge this amount to agencies and officials for state aircraft use, or acknowledge that aircraft use is being subsidized by the General Fund and charge only an operations fee.

Budgetary requirements for all officials and state agencies enable the Legislature:

- to estimate the revenue necessary to operate the state plane service;
- to control use of state aircraft;
- to plan for future use of state aircraft; and / or
- to determine if state aircraft services are economically feasible.

Comparison to Other State's Procedures for State Aircraft Use

The Division contacted the state of Louisiana concerning the nature of its state aircraft function and related policies and procedures. According to information obtained from the Louisiana Auditor's Office, while Louisiana discontinued its aircraft pool several years ago, several agencies continue to operate aircraft: Wildlife Department; Public Safety Department; and Agriculture Department. The Louisiana Auditor's Office official explained that when Louisiana's Governor requires state air travel, he usually uses a Public Safety helicopter.

Louisiana's statutes contain specific guidance on state aircraft use including the following areas:

- All passengers in state-owned aircraft must provide specific information on the purpose of their travel and, in the event any question about the purpose of the passengers' flight arises, the travel is assumed to personal usage and billed accordingly;
- All air travel in state-owned aircraft must be authorized and approved in writing by department heads;
- Department heads are held directly responsible for flights scheduled by their organizations;
- A written record and file must be maintained on all approved air travel authorizations;
- Prior to departure, all passengers must present proper written authorization or passengers will be refused transportation;
- Each passenger transported in state-owned aircraft must register identifying their name, position and agency and the purpose of travel and destination;
- State-owned aircraft cannot be used to transport officers or employees to any event or function that is primarily political in nature, or for any other political purpose; and

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- Aircraft owned and operated by the Office of Aviation and Public Transportation may be utilized for the personal transport of state officers or employees on a space-available standby basis, subject to user fee charges and other specific conditions.

State of Louisiana administrative policy on state-owned aircraft states, in part:

"It shall be determined, based upon usage, including air miles traveled and special functions, whether it is more economical to purchase an aircraft for an agency's employees or to use commercial airlines. Any aircraft which does not meet the economic criteria required herein may be immediately declared surplus property, if owned by the state, or, if leased by the state, the lease shall be terminated as soon as the terms of the contract permit."

Louisiana has specific statutory requirement for use of state-owned aircraft and, in addition has specific administrative policy on periodic economic evaluation of existing aircraft or proposed aircraft purchases. In Louisiana, if it is not economically viable to continue maintaining state aircraft, processes are in place to dispose of such aircraft.

In Mississippi, the administration of aircraft through the Office of Air Transport Services does not include the above mentioned criteria.

State officials and employees sometimes document the purpose of flights but many times the purpose of trips are incomplete or nonexistent. In Mississippi, accountability for state aircraft is based on the honor system from individuals using the state planes. Since the state has no policies and procedures concerning use of state aircraft and public officials and employees are individually accountable for using these resources, each aircraft user has his or her idea of how these valuable state assets may be used. The result is a lack of accountability for use of public resources.

DFA should refer to Louisiana's statutes for guidance in developing policies and procedures on state aircraft use. The Legislature should consider codifying DFA policies on state aircraft use in the 2000 legislative session.

State Aircraft Use by Public Officials and Agencies

Justification for State Aircraft Use Versus Commercial Flights

While not illegal under state law, use of state planes by public officials for out-of-state travel instead of commercial flights resulted in additional cost to the state.

While public officials and employees should use state aircraft when necessary to efficiently and reasonably conduct state business, the cost of traveling out-of-state using state aircraft should be weighed against the availability and cost of using commercial airlines. When the cost of using state aircraft greatly exceeds commercial travel and a commercial flight is available, public officials and employees should provide justification for using state aircraft. Documentation for purpose and reason for trip should contain this justification and be filed with flight records at the Office of Air Transport Services.

During analysis of state aircraft trip tickets for the 1997, 1998 and 1999 fiscal years, the Division discovered a number of out-of-state trips by public officials that, according to DFA, Office of Air Transport Services, cost the state from approximately \$3,700 to \$7,900 (DFA's calculated cost appears understated, see page 10). The Division compared the cost of these state aircraft flights with commercial airline rates and found that cost of comparable commercial flights were considerably less than flights using state aircraft.

While these flights are not illegal and appear to be for public purposes, they do not appear to be an economical use of state resources.

The Legislature authorized DFA to operate state aircraft for the purpose of use by public officials and employees to conduct state business. Public officials and employees should use state aircraft when necessary to efficiently, reasonably and legally conduct state business.

When traveling out-of-state, public officials and state agencies should weigh the cost of using state aircraft against the availability and cost of using commercial airlines. Public officials and employees should use state aircraft when they are available and when their operation is an effective use of state resources. However, when the cost of using state aircraft greatly exceeds commercial travel and a commercial flight is available, public officials and employees should provide justification for using state aircraft.

Justification for Short Distance Aircraft Flights

Documentation was not filed by public officials and employees for short distance state aircraft flights justifying reasons for state aircraft use instead of more economical forms of transportation.

During analysis of state aircraft trip tickets for the 1997, 1998 and 1999 fiscal years, the Division discovered a number of aircraft flights of short distances. For these three years we noted 211 flights or flight legs where one-way flight miles were 90 miles or less.

Since aircraft operation cost per hour averages from \$2.08 to \$2.24 per mile, cost of some of these short round-trip flights total from over \$370 to over \$400 (DFA's calculated cost appears understated, see page 10). Considering that any use of a state plane requires additional ground transportation to and from the Jackson airport or other point of departure and also to and from the destination airport, the cost of these short flights is even greater.

Using the federal reimbursement rate of \$.31 per mile, use of an automobile for some of these round-trips would cost substantially less - in the range from \$55 to \$65 versus \$370 to \$400 in the state plane.

Documentation on purpose and justification for flight filed with the Office of Air Transport Services should contain a justification for use of state aircraft for very short flights. Intangible benefits should be considered and may justify the cost; however, intangible benefits, such as time constraints or other meetings, should be documented and would be the only legitimate justification for these short distance flights.

Documented Purpose and Reason for Use of Aircraft

Although DFA requested that public officials document flight purposes, except for the Governor and Lieutenant Governor who were not required by DFA, the explanations supplied by the public officials were not sufficient to support their travel as public purpose.

DFA requires some public officials to document the purpose of aircraft trips but does not require a documented reason for using state aircraft in lieu of other forms of transportation. The lack of documented reasons for aircraft use and the lack of purpose documentation for aircraft trips by some public officials prevents the public from knowing the reasons for use of these public resources and prevents DFA from effectively administering the state aircraft function. All public officials and employees should document with DFA a written purpose and reason for use or they should not fly in state aircraft. Unless confidentiality for economic development purposes is necessary, state agencies and officials should identify all passengers in the flight records. DFA should notify the State Auditor who should investigate the public use of any flights without documented purposes.

Approximately eight years ago, public interest in state aircraft use prompted DFA to initiate a form to be completed by passengers of state aircraft documenting the trip purpose. DFA requested some public officials document the purpose of aircraft trips but has not received sufficient documented reasons for using state aircraft in lieu of other forms of transportation.

The lack of detailed documented purposes and reasons for state aircraft trips by some public officials blocks accountability, prevents DFA from effectively administering state aircraft

Comparison of State Aircraft Use by State-Wide Elected Officials

The Division compared the use of state aircraft by state-wide elected officials for the 1997, 1998 and 1999 fiscal years and also for the 1991, 1995 and 1999 fiscal years. See Appendices C and D, pages 24 and 25.

Legislative Issues

Aircraft Flight Budgets for Governor and Lieutenant Governor

The cost of using state aircraft by the Governor and Lieutenant Governor is currently not subject to budget limitation, as it is by all other state agencies and departments; therefore the Governor and Lieutenant Governor have no monetary restriction regarding the cost of using state aircraft. With no budget limitation or state policies concerning state aircraft use, the state has effectively delegated aircraft accountability to the individual public official and employee who actually use the planes with little accountability. The Legislature should provide accountability for state aircraft resources by requiring the Governor and Lieutenant Governor to budget for the cost of using state aircraft based on legislative-intended plane usage.

State law (Section 61-13-11, Mississippi Code of 1972, Annotated) requires state departments, agencies and institutions to pay the actual cost of aircraft operation, while the Governor and Lieutenant Governor are excluded from this requirement.

The statutory requirement that state departments and agencies must pay for flights places limitations on the use of aircraft by most of state government. For these agencies and departments a monetary judgment must be made each time state aircraft are used based on budget limitations. The cost of use of state aircraft must be weighed against the cost of other forms of transportation or whether certain trips are even necessary.

Since the Governor and Lieutenant Governor are specifically excluded from the requirement to pay for use of state aircraft, they have no budgetary concerns on their use of state aircraft. Without budgetary concerns, the Governor and Lieutenant Governor have less incentives to conserve state resources than other state officials. Based on current state law, the two highest elected officials have no incentive to limit their use of state aircraft resources.

The Legislature should consider budgeting the cost of using state aircraft by the Governor and Lieutenant Governor, as is currently done for all other state agencies.

Public Purpose Versus Private Use of State Aircraft

Currently, state law does not clearly define public purpose of state aircraft and DFA has not addressed the issue of public purpose through mandated policies and procedures. As a result of current statutes, individual public officials and employees who use the planes have the authority and discretion to make the determination as to whether their particular use of the airplane falls within the definition of public purpose. The lack of a clearly defined definition of public purpose has created a lack of institutional control for state aircraft resources. The Legislature should consider defining the specific nature of public purpose regarding state aircraft and define any lawful personal use of state aircraft.

Currently, state law does not clearly define public purpose of state aircraft. State laws concerning state aircraft are very general and authorize DFA to:

- “. . . operate and maintain nonmilitary aircraft for use by . . .” (Section 61-13-1, Mississippi Code of 1972, Annotated); and
- “. . . require of all planes operated under the provisions of this chapter an accounting on forms furnished by the Department of Finance and Administration, which shall show among other things the trips made, names of passengers carried, date of beginning and termination of trips, miles traveled, stops made, fuel consumed and cost per hour of operation.” (Section 61-13-9, Mississippi Code of 1972, Annotated)

The Attorney General points out the lack of clarity in the definition of public and private use of state aircraft in Attorney General’s Opinion 93-0987 dated March 24, 1994, which states, in part:

“Section 61-13-9 requires that an accounting be made of each flight taken in a state plane, including the names of passengers, stops and cost per hour of operation. However, Section 61-13-11 provides that the Governor and Lieutenant Governor not be charged for their use. The statutes do not set out any criteria for the use of these planes, saying only that they are to be ‘. . . under the general direction of the

The state planes should, of course, only be used for public purposes, and a clear abuse of this privilege by the Governor or any other official should result in court action to recover the public funds misspent. However, the Governor has many powers and duties, governmental, political, ceremonial and symbolic. (See Article 5, Section 119, et seq., Mississippi Constitution of 1890, and Section 7-1-1, et seq., Mississippi Code of 1972, for a partial listing.) These range from governmental duties such as signing or vetoing legislation and making appointments to office to political ones, such as proposing new programs to the Legislature and the people, to ceremonial ones such as representing the State at local or national events.

Of necessity, discretion must be allowed the Governor and Lieutenant Governor in deciding whether a particular function or event and their attendance or the attendance of their representatives thereat are within the purview of their public duties, or whether there is a public purpose to a proposed trip even if there is also a private purpose."

As a result of current statutes, individual public officials and employees who use the planes have the authority and discretion to make the determination as to whether their particular use of the airplane falls within the definition of public purpose. With so many individuals determining the nature of public purpose, a lack of institutional control exists for state aircraft resources.

The Office of the State Auditor researched the issue of public purpose for use of state resources and developed the following definition:

"Public purpose is generally defined as an activity for the advantage of the state as a whole, or a county, municipality or any other separate political subdivision, authorized by law to exercise a part of the sovereign power of the state; or an activity in performance of a duty imposed by sovereign power. The activity is 'public' and 'governmental' as opposed to private. Any private benefit derived from the activity must be incidental or de minimis."

In short, if there is not a benefit for taxpayers derived from the trip, or portion thereof, it is private. Benefits could be broad including representation of the state at a professional conference or a presentation or speech. Any activity carried out in performance of an official's duty imposed by law would be considered public.

The Legislature should consider defining the specific nature of public purpose regarding state aircraft. Such statutory definition would provide clear guidance to public officials on appropriate and inappropriate use of state aircraft and would provide DFA, the State Auditor and Attorney General clear direction in achieving institutional control over state aircraft resources. In addition, the Legislature should consider specifically defining any lawful personal use of state aircraft.

State Auditor Should Review Fiscal Year 2000 Flight Records

The State Auditor's Office should review DFA, Office of Air Transport Services state aircraft flight records for the 2000 fiscal year after the policies and procedures are put in place and required documentation filed in order to evaluate DFA's policy implementation and public officials' documented aircraft use.

RECOMMENDATIONS

Recommendations

Administration of State Aircraft

Written Policies and Procedures

1. At the time this review began, DFA had no written policies requiring documented purposes and reasons for use of state aircraft, as required by Section 61-13-25. DFA was requested to immediately develop written policies including the following:
 - Require documented purpose and justification for every aircraft flight by every public official, employee and passenger and file this information with flight trip tickets for audit purposes;
 - Require signed authorization (including a statement acknowledging responsibility for public resource use) from public officials or agency heads for every flight and file this information with flight trip tickets for audit purposes;
 - Describe circumstances where in-flight food catering is authorized;
 - Describe cost calculation ("*actual cost for the operation*") charged to agencies for flights;
 - Describe circumstances where family members of officials and employees are authorized as passengers;
 - Require public officials to document their consideration of using commercial airline flights on out-of-state trips;
 - Adopt policy addressing commuting by public officials using state aircraft;
 - Require cost comparison and justification of state aircraft use for flights less than 100 miles; and
 - Refer to the State Auditor's Office any uses of state aircraft in violation of DFA policies.

After careful review of State Auditor's Office recommendations, DFA has developed and adopted a policy and procedure manual.

The Legislature should consider codifying DFA policies on state aircraft use in the 2000 legislative session. (page 7)

Mission Statement

2. DFA, Office of Air Transport Services did not have a mission statement to direct the division in its activities and allow DFA to determine whether its intended purpose for use of state aircraft is being accomplished. Based on our recommendations, DFA has prepared a mission statement for its Office of Air Transport Services. (page 9)

Cost Calculation of State Aircraft Operation

3. In order for legislators, public officials and citizens to know the actual cost of state aircraft usage by agencies and public officials and so agencies can make true comparisons in costs of various transportation options, DFA, Office of Air Transport Services should calculate state aircraft user fees based on actual operating cost and should charge this amount to agencies and officials for state aircraft use, or acknowledge that aircraft use is being subsidized by the General Fund and charge only an operations fee. (page 10)

Comparison to Other State's Procedures for State Aircraft Use

4. DFA should refer to Louisiana's statutes for guidance in developing state aircraft policies. Louisiana statutes contain specific guidance to public officials on aircraft use in that state including flight purpose and written authorization. (page 11)

State Aircraft Use by Agencies and Public Officials

Justification for State Aircraft Use Versus Commercial Flights

5. When traveling out-of-state, public officials and state agencies should weigh the cost of using state aircraft against the availability and cost of using commercial airlines. Public officials and employees should use state aircraft when they are available and when their operation is an effective use of state resources. However, when the cost of using state aircraft greatly exceeds commercial travel and commercial flight is available, public officials and employees should provide justification for using state aircraft. (page 13)

Justification for Short Distance Flights

6. Documentation on purpose and justification for flight filed with the Office of Air Transport Services should contain a justification for use of state aircraft for very short trips. Intangible benefits should be considered and may justify the cost; however, intangible benefits, such as time constraints or other meetings, should be documented and would be the only legitimate justification for these short distance flights. (page 14)

Documented Purpose and Reason for Use of Aircraft

7. All public officials and employees should document with DFA a written purpose and reason for use or they should not fly in state aircraft. Unless confidentiality for economic development purposes is necessary, state agencies and officials should identify all passengers in the flight records. (page 14)

Legislative Issues

Aircraft Flight Budgets for Governor and Lieutenant Governor

8. The Legislature should provide accountability for state aircraft resources by requiring the Governor and Lieutenant Governor to budget for the cost of using state aircraft based on legislative-intended plane usage. (page 15)

Public Purpose Versus Private Use of State Aircraft

9. The Legislature should consider defining the specific nature of public purpose regarding state aircraft and define any lawful personal use of state aircraft. Such statutory definition would provide clear guidance to public officials on appropriate and inappropriate use of state aircraft and would provide DFA, the State Auditor and Attorney General clear direction in achieving institutional control over state aircraft resources. (page 16)

State Auditor Should Review Fiscal Year 2000 Flight Records

10. The State Auditor's Office should review DFA, Office of Air Transport Services state aircraft flight records for the 2000 fiscal year after policies are put in place and required documentation filed in order to evaluate DFA's policy implementation and public officials' documented aircraft use. (page 18)

APPENDICES

Appendix A

State Aircraft August 1999		
State Agency/Institution	Number of Aircraft	Total Cost
General Services (DFA) (1)	3	5,948,907.20
Vocational Education	5	137,900.00
Department of Marine Resources	1	50,000.00
Forestry Commission	11	571,710.73
Department of Public Safety	4	1,106,533.77
Bureau of Narcotics	7	78,157.96
Mississippi State University	7	155,463.76
Delta State University (2)	13	1,124,890.00
University of Mississippi	1	665,000.00
Total	52	9,838,563.42

Source: State Auditor's Office, Property Audit Division

(1) DFA has a lease-purchase agreement of one aircraft with a cost of \$1,850,000.

(2) Delta State University has an aviation program in its curriculum.

Appendix B

Department of Finance and Administration Office of Air Transport Services Annual Budgets By Expenditure Category			
Expenditure Category	FY 1997	FY 1998	FY 1999
Salaries	\$296,014	\$345,912	\$520,697
Travel	13,948	20,195	17,740
Contractual	260,989	332,699	353,702
Commodities	260,839	542,657	236,070
Equipment	2,542	254,737	232,871
Subsidies		59,545	80,386
Total	\$834,332	\$1,555,745	\$1,441,466

Source: DFA, Office of Air Transport Services

Appendix C

Comparison of State Aircraft Use By State-Wide Elected Officials For the 1997, 1998 and 1999 Fiscal Years

	1997	1997	1998	1998	1999	1999	Total	Total
	Flights	Amount	Flights	Amount	Flights	Amount	Flights	Amount
Office of Agriculture Commissioner	26	\$18,668.00	28	\$19,732.90	31	\$26,744.15	85	\$65,145.05
Office of Attorney General	25	25,671.00	6	4,284.74	10	6,724.85	41	36,680.59
Governor' Office	40	61,601.50	41	87,106.93	48	73,384.46	129	222,092.89
Office of Lieutenant Governor	26	36,761.30	75	103,429.24	59	81,802.18	160	221,992.72
Office of Secretary of State	10	10,273.70	0	0	17	10,254.50	27	20,528.20
Office of Speaker of the House	4	5,744.50	4	3,610.30	2	1,432.00	10	10,786.80
Office of State Auditor	0	0	0	0	1 *	0	1 *	0
Totals	131	\$158,720.00	154	\$218,164.11	167	\$200,342.14	452	\$577,226.25

Source: State Auditor's Office analysis of DFA, Office of Air Transport Services flight records

Note: SAO analysis only included aircraft operated by DFA, Office of Air Transport Services.

* Joint flight with Attorney General with cost borne by Attorney General's Office; therefore flight not counted in total number of flights.

Appendix D

Comparison to Previous Election Years of State Aircraft Use By State-Wide Elected Officials For The 1991, 1995 and 1999 Fiscal Years

	1991	1991	1995	1995	1999	1999	Total	Total
	Flights	Amount	Flights	Amount	Flights	Amount	Flights	Amount
Office of Agriculture Commissioner	0	0	0	0	31	\$26,744.15	31	\$26,744.15
Office of Attorney General	10	\$3,557.61	10	\$5,464.00	10	6,724.85	30	15,746.46
Governor's Office	18	18,409.28	90	99,911.08	48	73,384.46	156	191,704.82
Office of Lieutenant Governor	16	7,230.80	20	12,571.40	59	81,802.18	95	101,604.38
Office of Secretary of State	5	3,167.12	3	2,137.53	17	10,254.50	25	15,559.15
Office of Speaker of the House	7	2,992.26	4	3,384.41	2	1,432.00	13	7,808.67
Office of State Auditor	4	937.70	0	0	1 #	0	4	937.70
Totals	60	\$36,294.77	127	\$123,468.42	167	\$200,342.14	354	\$360,105.33

Source: State Auditor's Office analysis of DFA, Office of Air Transport Services flight records

Note: SAO analysis only included aircraft operated by DFA, Office of Air Transport Services

Flight not included in total since Auditor was a passenger with Attorney General and included in Attorney General Office flights.



**STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION**

**EDWARD L. RANCK
EXECUTIVE DIRECTOR**

August 27, 1999

Mr. Dale Brooks
Office of State Auditor
3750 I-55 North Frontage Road
Jackson, Mississippi 39211

Dear Dale:

Below please find the estimated total cost per hour to operate the three state aircraft in FY1999. I took the total expenses for Air Transport and divided it by the number of total flight hours of the three aircraft.

Total expenses for Air Transport for FY1999 = \$1,441,466

Total number of Flight Hours of aircraft = 545 hours

Average hourly flight cost based on above figures = \$2,645

This hourly cost takes into account the indirect costs. The direct operating cost of the aircraft as previously figured is as follows:

Lear Jet \$895

King Air 300 \$550

King Air 200 \$503

If you have any further questions, please contact me at 359-3635.

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Cote".

Andy Cote
Deputy Director